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Heather Rutner My Journal

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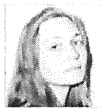
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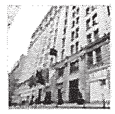
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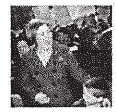
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By LAURA KUSISTO

In the past few years, scaffolding and stop-work orders have been as common a sight on the streets of Williamsburg as popular new restaurants and bearded young hipsters. But in a dramatic turnaround, at least eight stalled residential developments are coming back to life.

After more than three years of neighborhood battles, units at the notorious "Finger Building" on North Eighth Street will hit the market later this month, according to the developer.

Prices at the newly finished 14-story building, now dubbed simply 144 N. Eighth St., will range from $550,000 for one-bedrooms to upward of $2 million.

GFI Development Co., the company behind the Ace Hotels in New York and Palm Springs, bought the half-finished project in 2008 and redesigned it with features such as an 18,000-square-foot outdoor garden.

The building's original developer, Mendel Brach, planned a 16-story tower that elicited outrage from community groups, who said it stuck out above the neighboring low-rise buildings.

The project eventually stalled because of a dispute with an adjoining building over air rights, and Mr. Brach subsequently sold the loan. In 2009 Mr. Brach was barred by the state attorney general from sponsoring co-ops and condos after the office determined he took advantage of a faculty-housing exemption to build a nine-story condo in Bedford-Stuyvesant.

Just as the "Finger Building" readies for its close-up, other previously stalled sites around the neighborhood are moving forward in a flurry of construction activity not seen in Williamsburg, or in many other neighborhoods in the city, since early 2007.

Others warn the optimism could be premature, saying construction financing for condo projects remains extremely tight, and the economy as a whole could be heading for another dip.

Prices for land also have nearly doubled in the past year to 18 months, raising questions about whether developers who are buying now can make a return on that investment.

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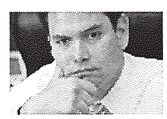
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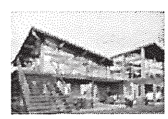
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"I don't think it's justified. The market is still waiting to stabilize," said Abraham Bennun of Triton Realty Group, the developer of a new condo and townhouse development at 197 Berry St. He bought the land in March 2008.

He now plans to finish the project by April or May, with studios starting in the $300,000 range.

It's a great time for buyers, Mr. Bennun said, but he cautioned developers: "The question for me is whether the market will continue to grow at the same pace as we've seen over the last 2½ years."

In 2005, developers rushed to the neighborhood following the rezoning of North Williamsburg and Greenpoint. Dozens of run-down warehouses or empty lots were soon plastered with building permits. At the 2006 peak, there were nearly 50 new developments, all of them selling units at the same time, according to MNS Realty, which advises developers.

The neighborhood, once a poor and working-class enclave of Latinos and religious Jews, suffered a major blow during the recession, when condo prices dropped from a high of $800 a square foot to about $650 a square foot in 2009, according to MNS. They have since started to climb back up.

Financing for new condo projects became almost impossible to secure, and the neighborhood was soon littered with stalled sites. The media "almost declared it a disaster zone," said David Behin, a partner at MNS Realty.

But developers insist that's led to a shortage of new inventory as the neighborhood has become flooded with not only artists and hipsters but young families and professionals from Manhattan looking to take advantage of its restaurants and lower prices.

Demand has risen sharply for units at the Edge, which, with 565 market-rate condos, is by far the largest project on the market in the neighborhood.

In the past eight months, units are selling at a rate of 25 to 30 a month, according to Jeff Levine, a principal of Douglaston Development, the project's developer.

The rental market has fared slightly better, as average monthly rents for a one-bedroom have risen to just under $3,000 from about $2,100 in August 2009, according to MNS.

A wave of new developers have made one concession to these chastened times. Many planned condo projects are going rental, in part because it's much easier to get construction financing.

After the project underwent several reincarnations, construction is set to begin this fall on 250 North 10th St., a 234-unit rental purchased by LCOR. And 170 N. Fifth St., a 16-unit luxury rental purchased by Urban American LLC, will soon receive its certificate of occupancy. The Steelworks Lofts, once planned as a condo with fire pits and an outdoor cinema, was purchased in November by Cayuga Capital Management, along with Jacob Toll, son of home builder Robert Toll, who previously said they plan to convert it to rentals.

At 111 Kent Ave., another condo-to-rental project, the website went up a few weeks ago, and the broker says they received more than 300 inquiries on the property.

"They are creative types, and also bankers and lawyers, who play in a band on Friday night" and boast a tattoo under their button-down shirts, said Dave Maundrell, president of aptsandlofts.com, which is marketing the project.

Write to Laura Kusisto at laura.kusisto@wsj.com

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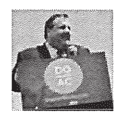

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